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Classified By: POLCOUNS Brian R. Naranjo. Reasons: 1.4 (b) and (d).

Summary

11. (C) In this edition of the Panama Post, our top stories include:

-- Former President Ernesto "El Toro" Perez Balladares announces that he will endorse Panama City Mayor Juan Carlos Navarro in the race to secure the governing Revolutionary Democratic Party (PRD) presidential nomination;
-- PRD presidential nomination candidate Balbina Herrera's confidante provides a glimpse into Herrera's inner circle and lets slip that National Assembly President Pedro Miguel Gonzalez (PMG) might run for re-election;
-- A weak field of PRD National Assembly Deputies emerges in the race to succeed PMG as the chamber's president;
-- PSM SigmaDos' poll confirms trend that Navarro has closed significantly the gap against Herrera, though he still trails;
-- In an effort to preserve the bargaining power of Patriotic Union (UP), UP President Guillermo "Billy" Ford announces he will seek his party's presidential nomination.

End summary.

El Toro Won't Run, Endorses Navarro

12. (U) Former President Ernesto "El Toro" Perez Balladares publicly endorsed PRD presidential nomination candidate Juan Carlos Navarro and put an end to speculation that he might seek the PRD nomination himself following his lunch with Navarro at Panama City culinary haunt Casa de Mariscos on June 4. Reaction from PRD presidential nomination candidate Balbina Herrera's camp was immediate. Herrera herself, in a radio interview, said that discussion of this endorsement "bored" her. Herrera acolyte National Assembly Deputy Hector Aleman characterized El Toro's endorsement as "the kiss of death" for Navarro and asserted that Perez Balladares had the right to "once again choose to support a loser." Other Herrera supporters suggested that the life preserver that El Toro had thrown to Navarro was made out of lead. Perez Balladares said he offered his "political" support to Navarro and demurred on whether he would offer any financial support. Responding to speculation that Navarro might offer Perez Balladares's wife, Dora Boyd de Perez Balladares, the VP slot, Navarro dismissed the rumor noting that no such promise had been made to secure El Toro's support.

13. (C) Comment: So what does this mean? Well, it means that

Perez Balladares will not run for president again, at least not as a PRD candidate. Herrera soundly defeated Perez Balladares in the election for PRD President. El Toro does have a loyal following though, but that following from the PRD's right wing is generally not inclined to support the PRD's left-wing "tendency (tendencia)" faction from which Herrera hails. The most that can be said is that by endorsing Navarro, El Toro may be able to mobilize a compact and committed minority of the PRD to back Navarro and perhaps open their pocketbooks to him. A polarizing figure in Panamanian politics, Perez Balladares strikes a dissonant chord with many Panamanians, including PRD faithful. His endorsement may turn out to be a wash, but the Herrera camp's quick reaction to it suggests that they at least are taking it seriously for now.

Member of Balbina's Inner Circle Dishes

14. (C) The Panama Post sat down with Manuel Ng, one of PRD presidential nomination candidate Balbina Herrera's "closest friends" who participates regularly in her "inner circle" meetings on June 2. While admitting that PRD presidential nomination candidate Juan Carlos Navarro was doing "much better in the city," Ng claimed that Herrera's own internal polling showed that she was leading Navarro by 16 points. Ng said that Herrera continued to use Dichter and Neira as its pollster and that the campaign supplemented this outfit's periodic polls with telephone polling. He conceded that Herrera was weak in Herrera (ironic) and Chiriqui provinces and acknowledged that many of the businessmen that attended a recent Herrera fund-raiser with business leaders had also attended Navarro's fund-raiser. Navarro, according to Ng, had the support of local PRD party structures across the country in large part due to his tenure as President of the National Mayors Association. Nonetheless, as evidenced by the approach to Herrera by "two mayors who signed public letters supporting Navarro," Navarro could only rely so far on this network for support. Ng explained that these mayors' "bases and staff are with Balbina, so the mayors can't stay with him or else it would mean political suicide for them."

15. (C) Ng let slip that National Assembly President Pedro Miguel Gonzalez (PMG), under federal indictment in connection with the 1992 murder of a U.S. serviceman, could reconsider his decision -- telegraphed in a letter to "comrade and Secretary General Martin Torrijos" -- not to run for re-election as president of the chamber. "Pedro Miguel signed the letter because Martin asked him to; that was it," but the U.S.-Panama Trade Promotion Agreement (TPA) was stalled and, with political changes in the U.S. in the offing, "who knew what could happen," Ng said. Asked if Herrera would support PMG's re-election, Ng said, "Yes, but she would take a 'well, it's his right' neutral position."

16. (C) "I don't think that Balbina knows how the Embassy works. You should meet with her and give her a briefing," Ng said. Asking questions himself about the Embassy, Ng commented that he too did not really understand what the Embassy was or did, adding that most Panamanians thought of it as made up of State, military and intelligence officers. "After she wins the primaries," Ng said, "nobody is going to stop us. She will be the next president."

17. (C) Bio note: Ng is a 39-year old businessman from Penonome, Cocolé province. He is widely regarded as one of Herrera's "closest friends." Ng's brother, Julio Ng, is a deputy in the Central American Parliament (PARLACEN). Manuel is married, has two young daughters, and owns several restaurants in Cocolé. Though he lives in Penonome, he travels weekly to "inner circle" meetings with Herrera in Panama City. Ng, who asserts that Herrera has no ties in Cocolé, stated that the candidate had been his house guest on several occasions. Active in the PRD for over 20 years, Ng said he met Herrera when he was 19 and Herrera was Mayor of San Miguelito. Despite their age difference, Ng asserted that the two "clicked" and have ever since remained close

friends. Currently, Ng is a member of the PRD's Businessmen's Front (Frente Empresarial), one of the party's 4,200 delegates, Herrera's Cogle campaign coordinator, and substitute deputy (suplente) for National Assembly Deputy Cesar Pardo. He stated that were Herrera to win that he would likely assume an important position in Herrera's administration.

18. (C) Comment: Ng is certainly an Herrera insider worth cultivating further. While he may have access to Herrera's sanctum sanctorum, it is not clear what influence Ng may have on Herrera. Ng's review of the state of the internal PRD campaign from Herrera's point of view does, however, suggest that Herrera has an understanding that she is in a tougher primary race than she lets on in public. Ng's statements that a PMG campaign to win re-election as President of the National Assembly may still be in play and that Herrera would at least implicitly support him are worrisome, particularly in light of the weak field of successors that has already declared its candidacies (see paras 9-10).

Aspirants to Succeed PMG Emerge

19. (C) Seven PRD National Assembly Deputies have let their colleagues know that they intend to run to replace U.S. federally indicted Deputy Pedro Miguel Gonzalez (PMG) as President of the National Assembly. The following are snapshots of these contenders:

-- Benicio Robinson: This three-term legislator, though he has not held the terms consecutively, hails from Bocas del Toro province. In the past, Robinson has been linked to former President Ernest "El Toro" Perez Balladares, particularly in leaking regarding internal PRD bench information. A supporter of Juan Carlos Navarro for the PRD presidential nomination, Robinson had a falling out over business dealings with fellow PRD deputy Omar Chen who is presently acting as Balbina Herrera's gatekeeper on her campaign to secure the PRD presidential nomination. Allegedly, Chen forged Robinson's signature on documents related to a land deal in Bocas del Toro thereby robbing Robinson, ostensibly his business partner, of several properties. The matter was never properly investigated let alone pursued in court since both Robinson and Chen have legislative immunities.

-- Raul Rodriguez -- This two-term legislator hails from Chiriqui where he represents a small, rural, and poor district dominated by Ngobe Bugle indigenous people. Previously, from September 1, 2006 to August 31, 2007, he served as VP of the chamber. His wife is a member of the Virzi family, a powerful and wealthy Veraguas-based. Inside the PRD, Rodriguez is a supporter of President Martin Torrijos who is also the PRD's Secretary General.

-- Dennis Arce -- This three-term legislator also represents a district in Chiriqui province. Though not considered a PRD bench heavy weight, he nonetheless has run unsuccessfully for chamber president on several occasions. Once as a consolation prize, Arce was awarded for one year the chairmanship of the powerful Budget Committee. Normally though, he serves on social-oriented committees such as the Education Committee. His daughter is consul in Milan, and his son is a deputy to the Central American Parliament (PARLACEN).

-- Cesar Pardo -- A seasoned PRD operative, Pardo is a three-term legislator from Cogle province. In a province traditionally dominated by the now basically extinct Liberal Party, Pardo was left as one of the few PRD "caciques (chiefs)." His substitute (suplente), Manuel Ng (see paras 2-6) is a close aide to Balbina Herrera. During "El Toro's" tenure as president, Pardo's son, a graduate of a Mexican medical school, became embroiled in a scandal involving the sale of fake Mexican college diplomas. While several Panamanians went to jail, Pardo's son was not among them.

The speculation at the time was that Pardo, who was then National Assembly President, acted to protect his son. Pardo is on speaking terms with Torrijos and maintains close ties to Perez Balladares.

-- Hermisenda Perea -- One of the few woman legislators, Perea is serving in her first term representing a Panama City district that includes some of the poorest areas of the city.

Though still an assembly freshman, Perea was elected as VP of the chamber early during Torrijos' tenure as president. She is a strong support of PMG, has worked closely with First Lady Vivian de Torrijos on various social projects, and grew close to then-Housing Minister Balbina Herrera following flooding in the Curundu neighborhood in her district and subsequent fires in the same area.

-- Jerry Wilson -- A former Supreme Court Magistrate under the Noriega regime, Wilson was also widely known for the big bashes he threw at his ranch in honor of the now disbanded Panamanian Defense Forces (PDF) and Noriega. Currently in his third term as legislator, Wilson was President of the National Assembly when Torrijos was sworn in 2004. Torrijos secured the chamber's presidency for Wilson. In a long-winded speech before the international media, Wilson delivered thanked everybody under the sun -- including his ex-wives -- for allowing him to achieve the exalted position of President of the National Assembly. According to media reports, Wilson said, "Thank you" thirty-two times. President-elect Torrijos was speechless, First Lady-to-be Torrijos was furious, and Wilson, who cried, earned the nickname "little tear (lagrimita)."

-- Rogelio Paredes -- Son of a hardcore PRD founder of the same name, Paredes is in his second term representing a Panama province district. For most of his time in the chamber, he has served as Chairman of the Human Rights Committee. In the Perez Balladares Administration, he was Vice Minister of Housing. Paredes was the final hold-out in the 2007 race against PMG for the chamber presidency, not opposing PMG on ideological or other grounds, but rather because he wanted the job. He is considered a long-shot candidate to succeed PMG.

¶10. (C) Comment: The brief vignettes above should give our readership an inkling of the kind of Star Wars bar nature of the PRD National Assembly Deputies' race for the presidency of the chamber. The current field of candidates is surprisingly weak, and the Panama Post cannot provide any tips as far as which horse to bet on. The Panama Post asks itself, however: if the field is so weak and nobody starts galvanizing support soon, what stronger candidate might emerge to succeed PMG or would one?

PSM SigmaDos Poll Confirms Trends

¶11. (SBU) Eager to tell the Panamanian electorate that he was gaining fast on fellow governing Revolutionary Democratic Party (PRD) presidential candidate Balbina Herrera, Panama City Mayor Juan Carlos Navarro published the results of a PSM SigmaDos poll that he had contracted. This poll assesses the voter intentions solely/solely of PRD members. Prospective respondents names were drawn from the party rolls as identified in the Electoral Tribunal's records; respondents self-confirmed their party affiliation. According to this poll, Navarro trails Herrera by 5 points, polling 43 percent to Herrera's 48 percent. The poll also proposed a number of general election scenarios. Both Navarro and Herrera would enjoy the support of about two-thirds of PRD party members, according to four hypothetical general election scenarios. Navarro took the lead over Herrera as the candidate with the most capacity and/or ability to resolve Panama's security/law and order problems: 37 percent of respondents said Navarro would do a better job while 34 percent said Herrera would. Asked who would be best able to solve the problem of the rising price of the basic basket of goods (canasta basica), the two candidates were essentially tied with Navarro at 34

percent and Herrera at 33 percent.

¶12. (U) Technical Data: This poll, published as an insert in several Panama City newspapers, was prepared for Navarro's campaign. The target group was Panamanian citizens, over the age of 18, who are members of the PRD and who reside in Panama, and the total universe of possible respondents in this target group was 597,522 people. The poll was conducted nationally, except in the Darien province and the indigenous reservations (comarcas). A total of 1,223 people were interviewed, the margin of error was 2.8 percent, and the level of confidence was 95 percent. The sample was stratified according to socioeconomic distribution. Interviews were conducted face-to-face from May 9 through 13. Interviews were conducted in homes, not on the street or in commercial locations. Only those prospective respondents who passed the filter (e.g., PRD members over the age of 18 residing in Panama) were polled. The starting point for interviews in each neighborhood was randomly selected. Then each fifth home was visited in Panama province and each third house in the rest of the polled area. Only one person per home was interviewed. Dangerous neighborhoods were excluded in the interest of protecting the pollsters' safety. No pollster interviewed themselves or another pollster or pollster's friend or family member. Supervisors verified and validated previously done interviews at variable intervals, covering about 30 percent of the polled area and individuals.

¶13. (C) Comment: Navarro political advisor Ivan Gonzalez was elated with the trends that the latest polling is revealing when he met with POLCOUNS on May 27. "We still have a lot of work to do, but we have a better machine and are working it hard." In particular, Gonzalez was very happy with the response to the security/law and order question, explaining, "We've been pushing the message that Navarro is the one best prepared to deal with the security problem and that is showing up in the polls. Next we're going to underscore that Balbina is bad for the economy and that Navarro is good." The only thing that elated Gonzalez more was how dismissive and unconcerned Herrera and her advisors were reacting to the latest polling. CID/Gallup (reftel), Dichter and Neira, and now PSM SigmaDos as well as some internal polling all confirm the closing trend in the PRD. Herrera confidante and National Assembly Deputy Hector Aleman brushed off questions regarding the polling in a May 27 radio interview as reflecting a mere momentary blip.

UP's Ford Declares Run for Presidency

¶14. (U) Former First VP and current President of Patriotic Union (UP) Guillermo "Billy" Ford announced his candidacy for UP's presidential nomination on May 29. In doing so, Ford declared that his candidacy was not intended to obstruct opposition unity. Ford did state, however, that he ensured that UP was taken seriously as an important player in the broader opposition. UP VP Jose Raul Mulino will serve as interim president of the party now that Ford has declared his candidacy.

¶15. (C) Comment: Ford's run is not a serious drive for the Palacio de las Garzas Presidential Palace. He is nowhere in the polls and shows no prospects of being able to improve his standing. Furthermore, Ford is in poor health owing to this lifetime smoker's poor lung condition. Furthermore, he has not been able to sustain lengthy periods out on the stump without landing himself in the hospital to recover. Rather this push is an effort to maintain UP's unity and to remind his VPs Anibal Galindo and Jose Raul Mulino -- the former preferring Martinelli and the latter Vallarino -- that he is not a potted plant, figure head leader of this new party. Ford previously has told POLCOUNS that he wants to get the best deal for UP in joining other opposition parties to form an alliance. Commenting to the press, Ford has noted that UP should not go with the first alliance offer that is made to it, suggesting that UP is looking for the best alliance deal possible. Ford's presidential candidacy should be seen and

interpreted in this light.

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